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CONSUMER INSTALLMENT CREDIT

CREDIT UNIONS

FLAMMABILITY STANDARDS:
A COST BENEFIT ANALYSIS

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FAMILY ECONOMICS REVIEW is a quarterly report on research of the Consumer and Food Economics Institute and on information from other sources relating to economic aspects of family living. It is prepared primarily for home economics agents and home economics specialists of the Cooperative Extension Service.

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CONSUMER INSTALLMENT CREDIT

by Cynthia L. Jennings and Katherine S. Tippett

At the end of 1976 total consumer credit outstanding was almost $218 billion. Of that amount 82 percent ($179 billion) was held as installment credit and 18 percent ($39 billion) as noninstallment credit. Perhaps as an indication of the importance of installment debt in the economy, the Federal Reserve Board, in January 1976, expanded the tables in the FEDERAL RESERVE BULLETIN on consumer installment credit to include data on mobile homes and revolving credit—items previously included in other categories. Data on noninstallment credit were dropped as a separate table but are reported occasionally as a note to the tables on installment credit. Following is a description of recent growth in consumer installment credit and a review of consumer credit laws.

Credit Growth

Total consumer installment credit oustanding was $179 billion at the end of 1976—up $17 billion (or 10 percent) over the previous year. The 1976 increase is the largest since 1972 and 1973 when consumer credit was growing at about 15 percent per year (table 1). Credit growth during the recession years of 1974 and 1975 was about 5 percent per year. At the end of May 1977, total consumer credit outstanding reached $185 billion, an increase of almost 13 percent from May 1976. On a seasonally adjusted basis, consumer credit outstanding increased by record amounts in March, April, and May of 1977.

Table 1. Growth in consumer installment debt outstanding, 1971-77

End of year	Total	Increase from previous year
	Billion dollars	*Percent*
1971	111.2	9.1
1972	126.8	14.0
1973	146.4	15.5
1974	155.4	6.1
1975	162.2	4.4
1976	178.8	10.2
1977 [1]	185.2	[2] 12.9

[1]End of May; increase from end of year 1976.
[2]From end of May 1976.

Source: Federal Reserve Board data.

On a per-person basis, consumers owed about $828 at the end of 1976. Three-fifths of this amount was owed on automobiles and personal loans (table 2). The remaining two-fifths was owed on retail credit (excluding 30-day accounts), revolving credit (bank credit cards and check credit), mobile homes, home improvements, and other consumer goods.

Revolving credit was the fastest growing area of consumer installment credit in 1976. Revolving credit, which includes bank credit cards and check credit, is a separate category from retail credit, which includes installment loans on consumer goods and revolving credit held by department stores, oil and gas companies, and other merchants offering their own credit cards. Between 1975 and 1976 revolving credit increased 14 percent (up from the 10-percent increase of the previous year but down from a high of 21 percent between 1973 and 1974), while retail credit increased only 6 percent. Of total per capita consumer credit oustanding in 1976, retail credit accounted for a larger share than revolving credit (10.7 percent compared with 7.9 percent), although its share has been declining slightly while that for revolving credit has been rising. The growth in the area of revolving credit indicates the importance of "open end" credit to consumers and particularly the convenience of having one credit card that can be used for a variety of goods and services from many different sources.

Automobile credit, which is the largest single component of total consumer installment credit outstanding, increased more than 13 percent in 1976. This is a substantial comeback from the zero (0) increase between 1973 and 1974, resulting from both the recession and the gas shortgage when sales of new and used cars

Table 2. Consumer installment debt per capita, 1976

Type of credit	Total outstanding (end of year)	Distribution	Change from 1975
	Dollars	----- *Percent*	-----
Total	828	100.0	+9.4
Automobile	280	33.8	+13.4
Personal loans [1]	227	27.4	+10.2
Retail credit [2]	89	10.7	+6.0
Other consumer goods	73	8.8	+7.4
Revolving credit [3]	65	7.9	+14.0
Mobile homes	53	6.4	-7.5
Home improvement	41	5.0	+10.8

[1]From commercial banks, finance companies, and credit unions. 80 percent of all credit union credit was assumed to be for personal loans.

[2]Excludes 30-day charge credit held by retailers, oil and gas companies, etc. Includes revolving credit and installment loans on consumer goods.

[3]Bank credit cards and check credit.

Source: Federal Reserve Board data.

declined and consumers purchased less expensive smaller cars.

Per capita credit oustanding for mobile homes, which increased rapidly in the early 1970's, decreased in both 1975 and 1976—the only type of consumer credit to do so. As a share of total per capita debt outstanding, mobile homes decreased from 7.5 percent in 1975 to 6.4 percent in 1976. Limited availability of financing has constrained sales of mobile homes in the past 2 years, a result of increased delinquencies and repossessions of units financed during the boom of the early 1970's. In addition to the tightened credit conditions, several other factors have contributed to the slowdown in sales of mobile homes: Continued high unemployment among younger and lower income households who are most likely to purchase mobile homes, and upgraded construction and safety standards adopted in recent years that have added to the sales price of mobile homes.

The most common source of consumer installment credit in 1976 was commercial banks, which accounted for almost 48 percent of the total per capita debt in 1976. Other holders of credit were finance companies, accounting for 22 percent; credit unions, 17 percent; retailers, 11 percent; and mutual savings banks, savings and loan associations, and auto dealers, 2 percent.

The fastest growing source of credit in 1976 was the credit union. Per capita credit outstanding originating from credit unions increased almost 52 percent between 1973 and 1976 and rose almost 20 percent in 1976 alone. Credit unions are cooperative institutions owned entirely by their member-customers who often have a common bond such as the same place of employment, membership in the same association, or residence in the same well-defined geographic area. Because of this common bond, a credit union is likely to have accurate and useful information about its members that other consumer lenders cannot easily obtain. The common bond aspect of credit unions leads to a lower default rate than for other lenders. This is partially due to social pressures

that induce credit union borrowers to be more conscientious about their loan repayments and partially to widespread availability of payroll deduction plans (especially at occupational credit unions) that significantly reduce collection costs and delinquencies. Also, allegiance to the common bond of association brings volunteer labor to the credit union, and sponsoring organizations provide subsidies. These advantages contribute to overall lower operating costs at credit unions than at other lending institutions, therefore enabling credit unions to offer credit at interest rates that are generally lower than those offered by other lenders.

Per capita debt originating from mutual savings banks, savings and loan associations, and auto dealers increased almost 19 percent in 1976. This compares with a 1975 increase of almost 7 percent and no increase in 1974. Although this represents a substantial increase in credit outstanding from these institutions, the increase has not greatly affected the consumer credit market, since these combined sources of credit account for less than 3 percent of total per capita debt.

Interest Rates

Interest rates for consumer credit may vary depending on the amount or terms of financing, the source of credit, and the type of goods or services purchased. The cheapest form of credit is usually obtained by borrowing against accumulated assets, such as a savings account. Such loans carry an interest rate that is usually several points above the interest rate the savings themselves earn. Credit unions generally offer lower interest rates than most other forms of credit and are prohibited by law from going above 12 percent. Commercial banks and finance companies tend to be more expensive forms of credit, with finance companies generally the most expensive (see chart). In general, large ticket items that have value as collateral, such as automobiles, are subject to lower finance charges. The average annual interest rate for loans on new automobiles in February 1977 was 11.14 from commercial banks and 13.16 percent from finance companies. In contrast, unsecured personal loans are the most expensive, with an average annual interest rate in February 1977 of 13.23 from commercial banks and 20.75 from finance companies.

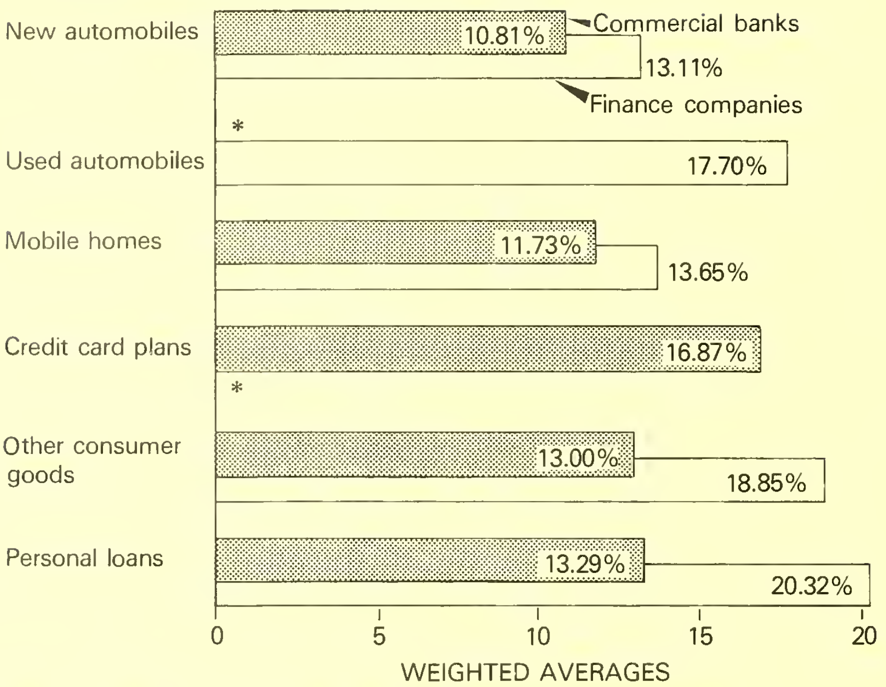
Credit Laws

Before 1969, the regulation of consumer credit was largely left to State legislation. However, in July 1969, the Federal Government entered the consumer credit field with the Consumer Credit Protection Act, commonly called Truth in Lending. In credit transactions the law requires creditors to explain in easily understood language the dollar finance charge and annual percentage rate; the balance on which the charge was figured; the closing date of the billing cycle; and the rights, privileges, and obligations of the credit customer. Since the initial passage of the Truth in Lending law, the Congress has passed a number of changes involving consumer credit, including the credit card provisions of the Truth in Lending Act, the Fair Credit Reporting Act, the Fair Credit Billing Act, the Equal Credit Opportunity Act, and the Consumer Leasing Act. Other amendments to the law include mortgage and real-estate cost disclosure and regulations regarding enforcement by Federal agencies.

The first major change, effective in October 1970, established new provisions relating to credit cards. These provisions ban the unsolicited mailing of credit cards; limit the cardholder's liability to $50 when a card is lost or stolen, with no liability if the issuer of the card is informed before the card is used; require that all cards bear identification of the user—photograph or signature; and set criminal penalties for illegal use of credit cards.

The Fair Credit Reporting Act became effective in April 1971. This law protects the consumer's right to an accurate, up-to-date, and confidential credit report. It gives consumers the right to obtain information about their credit records and to ask for a reinvestigation if the completeness or accuracy of any item on the record is questionable. Information must be given free of charge if the consumer has been denied credit, insurance, or employment within the previous 30 days. Otherwise, the credit-reporting agency is permitted to charge a reasonable fee. The credit bureau must delete any information found to be inaccurate or no longer verifiable. If the reinvestigation does not settle the dispute, the consumer may file a brief statement presenting his or her position. The act also regulates the use of out-of-date information and access to credit records.

INTEREST RATES



MAY 1977. PERCENT PER YEAR. *NO DATA. SOURCE: FEDERAL RESERVE BOARD.

The Fair Credit Billing Act, effective in October 1975, set up a billing dispute settlement procedure for "open end" credit and imposed certain other requirements on the creditor to assure fair and prompt handling of credit accounts. This act requires creditors extending open-end credit (such as department stores and banks) to:

(1) Include with the monthly bill a statement informing the customers of thier rights in questioning the bill and giving the address to which all inquiries must be sent;

(2) Mail billing statements to the customer at least 14 days before the date that payments are due;

(3) Settle all billing disputes within 90 days;

(4) Refrain from making adverse statements to credit-reporting agencies and from turning accounts over to collection agencies when an account is in dispute; and

(5) Credit all payments, overpayments, and returned merchandise promptly to accounts.

The law also provides that a seller may no longer be restricted by bank-card issuers from offering discounts for cash and reverses the doctrine of "holder in due course" under which the third party holding the credit contract had no obligation for the merchandise received by the customer.

The Equal Credit Opportunity Act, effective in October 1975, prohibits creditors from discriminating on the basis of sex or marital status in any aspect of a credit transaction. Amendments in 1976 expanded the act's prohibition to include discrimination based on race, color, religion, national origin, age, and receipt of income from public assistance programs. Other aspects of the act and amendments provide that:

(1) A creditor must notify applicants of action taken on their credit applications and provide reasons for adverse action;

(2) A creditor may request and consider information about the spouse of the credit applicant *only* when the spouse will be using or will be liable for the account, or when the applicant is relying on the spouse's income or property; and

(3) After June 1, 1977, creditors that furnish credit information about married couples to consumer-reporting agencies or to other creditors will be required to report information in both spouses' names so that married women will develop credit histories in their own names.

The Consumer Leasing Act, effective March 1977, applies to the leasing of personal property (basically automobiles and furniture) for more than 4 months, and for which the total cost of the transaction is under $25,000. The act requires that the leasing company make an accurate and detailed disclosure of all terms and costs in advertisements and to the customer before the transaction.

Before 1968 and the passage of the Truth in Lending law, most consumer credit legislation was enacted by various States. The current relationship between State and Federal law is complicated by provisions that sometimes provide for State law to be preempted by a Federal law and sometimes exempt a State from Federal laws. In one area, however, States have complete jurisdiction—the setting of ceilings on the interest rates that may be charged for consumer credit.

By direction of Congress, both the Federal Trade Commission and the Federal Reserve Board (FRB) issue rules and regulations relating to consumer credit. FRB through Regulation Z writes regulations for implementing most of the Truth in Lending law. The Board also issues official interpretations of its regulations for use by creditors.

Currently, creditors issuing credit are operating under a system which includes State laws and regulations, Federal laws and regulations, FRB staff interpretations of laws and regulations, and State and Federal court discussions concerning consumer credit. The FRB has expressed concern about the degree of complexity and overlap of existing laws and has made suggestions to simplify and clarify the many laws pertaining to credit.

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CREDIT UNIONS

by Carolyn S. Edwards

Credit unions (CU's), the fastest growing financial institutions in the United States, are cooperative associations organized by persons who have in common their occupation, association, or residence. Owned and managed by the members themselves, CU's are service rather than profit or charity organizations. They are designed to meet member needs by promoting pooled savings, thereby creating a source of low-cost credit for members. It is this common bond orientation and the resulting unique method of operation that have enabled CU's to reach many consumers and to achieve a substantial growth record. CU's number over 22,000 (table 1) and serve nearly 35 million members. In 1976 membership in federally chartered CU's (Federal CU's) increased by 1 million for the fourth consecutive year (*8*).[1]

Consumer savings at CU's have increased faster than at other major financial institutions. In the 5 years from yearend 1971 to 1976, total savings in all CU's more than doubled; insured savings nearly tripled (table 1). Research conducted by the National Credit Union Administration (NCUA) indicates that this increase has probably not been at the expense of savings in other financial institutions but that CU's have tapped new markets, initiating savings habits in many who might not otherwise have saved (*13*).

CU's have achieved their greatest success in lending services and have become the fastest growing source of consumer installment credit. In the 6 years from yearend 1970 to 1976, CU-held installment debt increased 135 percent, compared with the increase of 75 percent for all lenders (table 2). CU credit growth in 1976 was more than twice that of the largest lenders and accounted for almost a third of the increase in total outstanding consumer installment credit. As a result, CU's increased their proportionate share of total installment credit to 17 percent, while other major lenders experienced a decline (*8*).

Legislation passed April 19, 1977, authorized Federal CU's to offer more flexible services, providing impetus to continued CU growth (*11*).

Authorization and Regulation

CU's originated in Europe in the mid-19th century when they were first designed to serve the needs of the working classes to combat usury. In 1934 the U.S. Congress enacted the Federal Credit Union Act. Although a number of States already had laws permitting CU's, the Federal action provided a uniform statute for regulation on a national basis.

CU's may be State or federally chartered. At yearend 1976, 56 percent of all CU's were federally chartered (table 1). The National Credit Union Administration (NCUA), an independent agency of the executive branch of the Federal Government, is the governing regulatory agency for the Federal CU system. Once potential CU's have met minimum standards, bylaws are developed and a charter granted. Supervision and examination for compliance with regulations, determination of solvency, and management assistance are carried out on a frequent basis. CU's may also be incorporated under one of 46 State laws. State-chartered CU's are regulated and examined by State agencies and may be authorized to provide services unavailable at Federal CU's. On the other hand, a CU may opt for a Federal charter because of restrictive State regulations.[2]

[1] Numbers in parentheses refer to References at the end of this article.

[2] Unless otherwise specified, material in this article is based on Federal CU operations. Appropriate State authorities should be contacted for information applicable to State CU's.

Table 1. Number of U.S. credit unions and total savings in U.S. credit unions, by type of charter and Federal insurance status, December 31, 1971, to December 31, 1976

Year (ending Dec. 31)	U.S. total	Federal charter, total [1]	State charter			Federally insured [3]	
			Total	Federally insured	Nonfederally insured [2]	Total	Percent of all United States
			Number of credit unions				
1971	23,253	12,717	10,536	793	9,743	13,510	58.1
1972	23,064	12,708	10,356	1,315	9,041	14,023	60.8
1973	22,877	12,688	10,189	1,656	8,533	14,344	62.7
1974	22,844	12,748	10,096	2,398	7,698	15,146	66.3
1975	22,603	12,737	9,866	3,040	6,826	15,777	69.8
1976	22,606	12,757	9,849	3,519	6,330	16,276	72.0
			Total savings in credit unions				
			Thousands of dollars				
1971	18,365,261	9,191,182	9,174,079	1,699,418	7,474,661	10,890,600	59.3
1972	21,629,023	10,956,007	10,673,016	2,886,568	7,786,448	13,842,575	64.0
1973	24,522,739	12,597,607	11,925,132	3,734,537	8,190,595	16,332,144	66.6
1974	27,513,797	14,370,744	13,143,053	5,191,566	7,951,487	19,562,310	71.1
1975	33,032,708	17,529,823	15,502,885	7,442,904	8,059,981	24,972,727	75.6
1976	39,115,603	21,130,293	17,985,310	9,223,415	8,761,895	30,353,708	77.6

[1] All federally insured.
[2] Some are State insured.
[3] Federal and State charter.

Source: National Credit Union Administration. 1976 Annual Report of NCUA, June 1977.

Table 2. Consumer installment credit outstanding, by type of lender, December 31, 1970, to December 31, 1976

Type of lender	Total outstanding Dec. 31			Distribution			Change from:			
	1970	1975	1976	1970	1975	1976	1970 to 1976		1975 to 1976	
	Millions			*Percent*			*Millions*	*Percent*	*Millions*	*Percent*
Total, all lenders	101,898	162,237	178,775	100.0	100.0	100.0	76,877	75.4	16,538	10.2
Financial institutions	88,216	144,235	159,597	86.6	88.9	89.3	71,381	80.9	15,362	10.7
Commercial banks	45,396	78,703	85,379	44.6	48.5	47.8	39,983	88.1	6,676	8.5
Finance companies	27,514	36,695	39,642	27.0	22.6	22.2	12,128	44.1	2,947	8.0
Credit unions	12,986	25,354	30,546	12.7	15.6	17.1	17,560	135.2	5,192	20.5
Others [1]	2,320	3,483	4,030	2.3	2.2	2.2	1,710	73.7	547	15.7
Retail outlets [2]	13,682	18,002	19,178	13.4	11.1	10.7	5,496	40.2	1,176	6.5

[1]Savings and loan associations, mutual savings banks, and auto dealers.
[2]Excludes 30-day charge credit held by retailers, oil and gas companies, and travel and entertainment companies.

Sources: Board of Governors of Federal Reserve System, Division of Research and Statistics. National Credit Union Administration, 1976 Annual Report of NCUA, June 1977.

Operations

State and federally chartered CU's operate in basically the same manner. Chartering is limited to groups sharing a particular common bond, such as source of employment, membership in religious, trade, or professional associations, or residential community groups. Of the total Federal CU's in 1976, about 80 percent were occupational, 15 percent associational, and the remainder residential (*8*). While this field of membership restriction has limited the access of consumers to CU's, broader definitions for eligibility in recent years have made CU membership available for more individuals.

In order to participate, a qualified individual must become a member by purchasing one share in the CU, generally $5. Members are shareholders and each may attend and vote at annual or special meetings. A board of directors elected from the membership appoints officers and governs the CU. A credit committee, comprised of members, approves loan applications and a supervisory committee, also made up of members, inspects the books and operating procedures. Officers and committee members are not compensated, except in larger CU's which may support the treasurer as a staff member.

Practices and policies, determined by individual CU's, are designed to meet the needs of members while adhering to the restrictions of the chartering regulations. Democratic control, participation by members, and volunteer effort are emphasized as the basis of CU operations. CU's arose out of the philosophy that cooperative service would provide economic independence for working people and best serve the needs of both borrowers and savers. It is this type of management that has led CU's to be referred to as "people's banks."

Member Services

Savings. Member's savings are made in the form of share purchases to be added to share accounts. Savings may be made in small amounts and may generally be withdrawn at will, although a 60-day notice may legally be required.

All federally chartered CU's—and State-chartered CU's that apply and qualify—offer U.S. backed share account insurance up to $40,000. This is provided by the National Credit Union Share Insurance Fund (NCUSIF), administered by the NCUA,[3] and protects member share accounts in the case of CU liquidation. Seventy-two percent of the total number of CU's (table 1), representing 78 percent of the savings (*8*) in all CU's in the United States were insured by NCUSIF as of December 31, 1976. As of the same date, Federal share insurance had been extended to about 35 percent of the number of State-chartered CU's, representing about 51 percent of the savings of all State-chartered CU's (*8*). If not insured by the NCUSIF, accounts in State-chartered CU's may be insured through State provisions. Only 15 percent of the accounts in State CU's were not insured by either the NCUSIF- or State-administered programs.

Protection in the case of death of the CU member is offered by some CU's. Under life savings insurance, each eligible dollar a member saves, up to a limit, is matched with a dollar of life insurance. A decreasing scale is applied to savings of members aged 55 and over.

As nonprofit cooperative organizations, CU's return earnings to members in the form of dividends on share holdings. Dividends are computed and announced at the end of each earning period after expenses are paid and reserves set up, thus reflecting the profit-and-loss experience of the CU during the period.

CU's are allowed to compute dividends as frequently as daily; this policy is up to the dis cretion of the individual CU, as is the determination of the existence and length of any grace period. When dividends are computed on any other than a daily basis, bookkeeping is generally done by the last in, first out method (*12*). In 1976 dividends were declared semiannually by 63 percent of Federal CU's and quarterly by 26 percent. Only 2 percent declared more often than quarterly. A small number—25—followed a policy of declaring daily (*8*).

Federally chartered CU's are restricted to paying dividends of no more than 7 percent per annum. In 1976, 11 percent of all Federal CU's paid this maximum rate of 7 percent; 44 percent paid from 6 to 7 percent; 31 percent paid

[3] This is similar to the insurance provided by the Federal Deposit Insurance Corporation (FDIC) and the Federal Savings and Loan Insurance Corporation (FSLIC) for commercial bank and savings and loan association accounts, respectively.

from 5 to 6 percent; and only about 8 percent of the Federal CU's paid at a rate less than 5 percent. Only 6 percent paid no dividends at all (*8*). Dividend rates of CU's compare quite favorably to counterpart passbook savings accounts available at other financial institutions, where interest ceilings on such accounts are stricter.

Payroll savings plans, offered primarily by occupationally related CU's, offer the ability to have a preauthorized sum automatically deducted from the paycheck and applied to savings through the purchase of additional shares. This is probably one of the features that has contributed to the increase in savings and membership of CU's.

Members of many Federal and State CU's may also have convenient access to savings. Share draft accounts enable members to write drafts, similar to checks, on savings in share accounts while still earning dividends.

Lending. Because of problems associated with consumer credit, traditional loans from financial institutions and other sources are generally costly and limited in supply. This is particularly true for personal, unsecured loans. Lenders must cover the cost of credit investigations, processing procedures, defaults, and collections. Because these costs do not vary with the size of loans, many lenders are reluctant to extend small consumer loans and must charge high rates to cover their costs. The limited availability of consumer loans has also added to time and effort necessary to obtain such loans, and in some cases, has opened the door for loan sharking (*2*).

It is with consumer lending, however, that CU's are particularly able to take advantage of their unique common-bond nature to meet credit needs of members. Membership in CU's generally provides relatively easy access to credit at reasonable rates and, often, almost immediate emergency loans.

Deposits of shareholders are used as capital to lend to borrowers. Membership in the sponsoring organization provides most necessary information on borrowers' potential creditworthiness and eliminates the need for costly credit investigations. Convenience of location and access to payroll deduction plans make loan processing easy for both borrower and lender, cutting costly handling procedures and delinquency or default risks. Allegiance to the common bond and inherent social pressures probably also increase repayment conscientiousness. Volunteer labor and operating facilities often donated by the sponsoring organization further reduce costs. Coupled with a tax-exempt status, these organizational features have allowed CU's to supply low-cost consumer credit in a market characterized by high costs for borrowers and lenders alike.

CU's offer consumer credit at rates substantially below those of any other major category of lender. Federal CU's are permitted to charge a maximum of 1 percent per month (12 percent APR) on the unpaid balance, inclusive of all charges. Most also provide credit protection life insurance at no additional charge. In 1976 about 75 percent of Federal CU loans were made at this rate. This is the maximum, however; CU's can and do charge even less. Loans typically have short maturities and are small—a $25 payday loan is not unusual. The average loan size of Federal CU loans in 1976 was about $1,700 (*8*).

Among a sample of relatively large Federal CU's, about 42 percent of the loans made in 1976 were unsecured, whereas about 58 percent were secured. Secured loans, however, accounted for about 76 percent of the total dollar amount of loans in 1976. Loans to purchase durable goods accounted for about 39 percent of loans made by the sampled Federal CU's—but these loans accounted for almost half of the total dollar amount loaned, reflecting the use of these loans for costly items such as automobiles, boats, mobile homes, and household equipment. Automobiles were of particular importance, accounting for 24 percent of the loans and 35 percent of the dollar amount loaned. Loans for personal and household expenses accounted for a greater proportion of CU loans (44 percent) than did durable goods, but for less of the total dollar amount—less than one-third. In the personal loan category, debt consolidation loans were most important, followed by vacation, education, and tax loans. Loans granted by smaller CU's, however, tend to be smaller, unsecured, and of shorter maturities, altering this profile (*8*).

CU's may pay interest refunds to their borrowers, reducing the net rate charged for loans. In 1976 about 15 percent of Federal CU's paid

refunds, most commonly at a rate between 10 and 11 percent (*8*).

CU's may also extend lines of credit to members. Preapproved loan applications allow members to obtain needed funds, at will, up to a predetermined credit maximum. Finance charges are not assessed until the credit is used. Funds may be obtained in person, by mail, or in some cases with drafts. When such line of credit services are tied to share draft accounts, members can write drafts in excess of their account balances. Repayment may also be handled personally or by payroll deductions.

Other member services. In addition to share accounts and loan programs, CU's may offer other services, including safe-deposit boxes, check-cashing services, and money order and travelers' check sales. Nearly all CU's also offer consumer financial counseling and many participate in group discount buying programs.

1977 Legislation

The first major expansion of the original Federal Credit Union Act of 1934 came on April 19, 1977 (*11*). This legislation has substantially liberalized the regulations under which Federal CU's operate and will allow a more comprehensive range of lending and saving services.[4]

While the new law directly affects the 12,757 Federal CU's (56 percent of all CU's), many State-chartered CU's operate under or may adopt similar rules and may therefore also be affected.

Lending services. New and expanded lending provisions authorized by the legislation have liberalized loan limits and maturities (*7, 10*). The limit of $2,500 on unsecured loans has been removed, allowing each CU to set its own limits. Maturities of 5 years on unsecured loans and 10 years on secured loans have both become 12 years, and each CU can determine any need for collateral. Mobile home and home improvement loan maturities have been extended from 10 to 15 years. Even longer maturities are available with Government-insured or guaranteed loans.

CU's are now authorized to join other financial institutions as a source of 30-year residential mortgage loans (*5*). Prior to these recent changes, mortgage maturities were limited to 10 years, effectively eliminating CU's from a role in home finance. The mortgages will be limited to purchases of one-to-four family dwelling units that serve as the principal residence of the member. In addition, the sales price of the unit may not exceed 150 percent of the median price of residential properties in the area. These new mortgage provisions will probably affect only those few large CU's with assets substantial enough to be committed in the high amounts and long periods of time associated with mortgages.

Provisions for revolving credit services have eliminated the need for each individual loan to be acted upon by the CU credit committee (*10*). The extension of self-replenishing lines of credit will allow the member to borrow continuously as long as the total outstanding debt does not exceed the maximum amount granted. Prior to this provision, payments did not automatically restore the credit allowance. This new service should reduce costs, delays, and inconveniences for both members and CU's. It also opens the way for credit cards and CU participation in electronic funds transfer systems.

Operations. Among changes that affect CU operations are those that will provide opportunities for CU's to make more efficient use of funds and increase their liquidity position. CU's will be able to cooperate with each other to meet member loan needs, such as larger and longer term real estate, mobile home, and home improvement loans. This should be helpful to all CU's, particularly the small and new CU's. CU's currently have no central liquidity fund to serve as a secondary source of funds when money is tight. Local economic or emergency situations that could cause members to reduce savings or delay repayment of loans could force a curtailment in the extension of certain kinds or amounts of loans or create a lack of funds to meet immediate withdrawals at a time when they were needed most. The

[4] As this issue of *Family Economics Review* went to press some of the new lending and operational provisions had become effective with the April 19 passage (*7*), some went into effect under new implementing regulations on August 4 (*10*), and some awaited proposed regulations. Regulations to implement the savings provisions have been proposed and are open for public comment (*9*).

ability to borrow additional funds should help CU's in such situations.

Proposed savings programs. As a result of the new legislation the NCUA has proposed regulations for new savings programs offering varying maturities and dividend rates (*9*). If adopted, in addition to the traditional share accounts, Federal CU's may offer notice, split-rate, minimum balance, or share certificate accounts. The *notice* account would require a minimum of 90 days notice of intent to withdraw and could pay a higher dividend rate than the traditional share account. A *split-rate* account would offer different dividend rates on different portions of the balance. For example, the first $500 might earn one rate, the second a higher rate, and possibly an even higher rate on savings over $1,000. A *minimum balance* account would offer a special dividend rate on savings maintained at or above the minimum required for an entire earning period. A *share certificate* account, with a specific maturity and minimum balance requirement, would be comparable to certificates of deposit currently available at other financial institutions. Details of specific accounts would be at the option of the CU.

Prior to these proposals there were no provisions for different account classifications, fixed maturity accounts, varying dividend rates, or rates in excess of 7 percent. Such changes should allow CU's to attract and retain higher levels of savings.

The savings proposals would also allow for the advance disclosure of yields members might anticipate. While this would not authorize CU's to guarantee a specific dividend rate, information on expected rates would remove some uncertainty associated with CU savings. As proposed too, the provision of full information on the conditions of the account and the basis upon which dividends are calculated—the "Truth in Savings" disclosures—would aid consumers in making wise decisions.

Credit Unions and Other Financial Institutions

Other financial institutions such as banks and savings and loan associations have also begun to offer new services. For example, new savings accounts offer interest bearing deposits with negotiable orders of withdrawal (hence, the name N.O.W. accounts) that are similar to checks. These are now available only in New England States but have been proposed for adoption by all federally regulated institutions of deposit. Electronic funds transfer systems (EFTS), which allow immediate financial transactions without the need for cash, checks, or credit cards, are becoming available on a limited basis. Federal and State legislators are also considering legislation which would further increase competition among financial institutions for consumer long and short term savings. The prohibition against payment of interest on checking accounts is currently being reevaluated and could be abolished through congressional action. The Federal and State governments are also looking at possibilities of offering noninterest-bearing N.O.W. accounts, which would probably look much like checking accounts. Also under consideration is the removal of rate ceilings on passbook savings accounts.

Critics of the new services offered or proposed by CU's and other financial institutions suggest that the new trends will eliminate the distinctions between existing institutions and threaten the common bond foundation of CU's. Critics maintain that by moving into new areas CU's will be forced to give up their concern for member cooperation and service in the interests of professional management and efficiency. Trends among other financial institutions such as N.O.W. accounts and EFTS could reduce CU comparative advantages and challenge their reason for existence. EFTS could lessen lender costs and allow other institutions to operate more efficiently in the consumer loan market, lessening the need for the special services available from CU's.

While the increased similarities among financial institutions and the services offered should be recognized, consumers should also understand that each still has its basic underlying purposes and orientation, and that each can deal well with particular needs. Banks place primary emphasis on commercial banking, savings and loan associations on housing and homeownership, and credit unions on consumer lending and savings. Consumers need to understand the unique features and comparative advantages of the services of each in order to make optimal use of their resources.

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VARIABLE INTEREST RATES IN CONSUMER CREDIT

Effective on October 10, 1977, a new rule adopted by the Federal Reserve Board will require advance disclosure of any variable rate clause in a credit contract that may result in an increase in the cost of credit to the customer. The rule requires disclosure of the fact that the annual percentage rate is subject to increase; conditions under which an increase may occur; the manner in which an increase would be affected; and, in home mortgage transactions, information that shows the effect a rate increase would have on the number of payments or the amount of those payments. The rule does not apply to "open end" credit or to increases in annual percentage rates due to default, acceleration, late payment, or assumption or transfer of property.

Source: Board of Governors of the Federal Reserve System, Federal Reserve Press Release, April 12, 1977, 9 pp.

FLAMMABILITY STANDARDS FOR SLEEPWEAR—A COST BENEFIT ANALYSIS[1]

by Annette Polyzou and Rachel Dardis[2]

Public concern about injuries and deaths from burns associated with flammable fabrics led to the enactment of the Flammable Fabrics Act in 1953. The act prohibited the manufacture or sale of all highly flammable wearing apparel and fabrics. In 1967, the act was amended to authorize the Secretary of Health, Education, and Welfare and the Secretary of Commerce to conduct investigations into the causes of and economic losses resulting from burn injuries and deaths, and to develop appropriate and reasonable flammability standards. These investigations led to the promulgation of flammability standards for large carpets and rugs (1971); small carpets and rugs (1971); children's sleepwear, sizes 0-6X (1972); mattresses and mattress pads (1973); and children's sleepwear, sizes 7-14 (1975).

In 1973 responsibilities and functions under the Flammable Fabrics Act were transferred to the Consumer Product Safety Commission (CPSC) from the Department of Commerce, the Department of Health, Education, and Welfare, and the Federal Trade Commission. As this issue of FAMILY ECONOMICS REVIEW went to press, the CPSC was considering promulgation of an additional standard(s) for wearing apparel—either a new general standard for apparel items, excluding shoes; or standards for specific items of apparel such as women's nightgowns, women's robes, men's and women's pajamas, women's and children's dresses, men's and boys' shirts, and men's and boys' trousers.

Current and proposed flammability standards may be evaluated to determine whether such standards enhance public welfare. Several studies comparing the costs to consumers versus the benefits to consumers of flammability standards were conducted at the University of Maryland during the past several years. The two existing children's sleepwear standards (FF 3-71, sizes 0-6X, and FF 5-74, sizes 7-14) and a hypothetical adult sleepwear standard were evaluated by comparing the estimated dollar cost to the consumer from an increase in the initial price of sleepwear garments and a reduction in wear-life due to flame retardant (FR) treatment, with the estimated dollar benefits derived from a reduction in sleepwear burn injuries and deaths. The dollar estimates for costs and benefits were compared through ratios. A ratio of 1.00 indicates that the consumer would spend $1.00 on flame retardant sleepwear for $1.00's worth of protection from sleepwear burn injuries and deaths.

ESTIMATING THE COSTS AND BENEFITS OF FLAMMABILITY STANDARDS

The estimated dollar *costs* to consumers for FR treated sleepwear were assumed to include an increase in fabric price due to the FR treatment and a reduced wear-life in garments treated for flame retardancy. Dollar *benefits* to the consumer from a flammability standard were assumed to include direct benefits—a reduction in medical expenditures associated with injuries and deaths such as hospital fees for inpatients and outpatients, physicians' fees, nursing care, drugs, and medical supplies—and indirect benefits—a reduction in earnings lost due to injuries and deaths.

A brief description of the method used in deriving dollar estimates for potential costs and benefits and comparing them through ratios is given below. The method is applied to a hypothetical adult sleepwear standard for the year 1975. In estimating dollar costs of the standard, the assumption was made that the criteria for the standard would be similar to those required for the existing children's sleepwear standard, sizes 7-14 (FF 5-74).

Costs

Increase in fabric price. The Consumer Product Safety Commission estimated that, in

[1] Research completed at the University of Maryland with financial support from the Maryland Agricultural Experiment Station and the National Science Foundation. This research is reported in Dardis (*2*) and Polyzou (*6*). Numbers in parenthesis refer to References at the end of this article.

[2] Home economist, Consumer and Food Economics Institute, ARS, USDA, and Professor of Textiles and Consumer Economics, University of Maryland, respectively.

1973, FR-treated fabric cost 55.34 cents per square yard more than untreated fabric (*1*). The CPSC also estimated that 837 million square yards of fabric consumed in adult sleepwear would need to be treated to meet the requirements of the standard. The additional cost to consumers, in 1973, for FR-treated adult sleepwear, therefore, was $463 million (55.34¢ X 837 million square yards of fabric). When this estimate was updated to 1975 (using the Consumer Price Index) the additional cost to consumers for the FR treatment of adult sleepwear was $519 million.

Reduced wear-life. Consumers spent an estimated $1,611 million for non-FR adult sleepwear in 1975 (*5*). If an adult sleepwear standard had been in effect, and if consumers had purchased the same quantity of sleepwear, total retail sales would have been $2,130 million ($519 million plus $1,611 million). If 13 percent of FR-treated garments were replaced in that year due to reduced wear-life (an estimate by Battelle Columbus Laboratories (*8*)),[3] the estimated cost to consumers from reduced wear life of FR adult sleepwear would have been $277 million (0.13 X $2,130 million).

Total costs. Total costs of a flammability standard for adult sleepwear (increase in fabric price of $519 million plus reduced wear-life of garments of $277 million) were $796 million.

Benefits

Direct benefits. Medical expenditures for burn injuries included hospital fees for inpatients and outpatients, physicians' fees, and other expenses such as nursing care, drugs, and medical supplies. There were an estimated 5,892 inpatients and 3,084 outpatients given hospital treatment for sleepwear burn injuries and an estimated 263 to 437 sleepwear burn deaths in 1975.[4] Hospital fees for inpatients were calculated by multiplying the number of sleepwear burn injuries by the average length of hospitalization and hospital cost per day (an estimated $292 per day). Hospital fees for outpatients were calculated by multiplying the number of outpatients treated for minor burns by the average hospital cost of treatment (an estimated $28 per treatment). Hospital fees for sleepwear burn deaths were calculated by multiplying the number of sleepwear burn deaths by the average length of hospitalization and hospital cost per day. Total hospital fees ranged from $63.60 million to $63.68 million, based on low and high estimates of the number of sleepwear burn deaths.

Data from the Department of Health, Education, and Welfare indicated that hospital fees account for 58.8 percent of total medical expenditures (*7, 10*). Physicians' fees and other expenses account for the remainder (41.2 percent) and amounted to between $44.56 million and $44.62 million for burn victims in 1975. The total expenses for hospital fees, physicians' fees, and other expenses ranged from $108.16 million to $108.30 million in 1975.

Indirect benefits. Indirect benefits from a reduction in sleepwear burn injuries were based on earnings lost to injured labor force or household workers. Total earnings lost were determined from the number of labor force or household workers, the number of days lost from work, and average labor force or housekeeping earnings. Labor-force earnings were based on annual mean income of year-round, full-time civilians in the labor force. Household production activities were valued according to the price charged in the marketplace for activities such as child care and meal preparation. The indirect benefits from a reduction in sleepwear burn injuries were $8.82 million.

Earnings lost due to deaths were based on low and high estimates of the number of burn deaths and expected lifetime earnings of burn victims. The calculation of expected lifetime earnings of individuals was based on the life expectancy of the individual, varying rates of employment and participation in the labor force, and annual mean earnings of labor force or household workers. Since earnings lost are measured by the present value of future earnings, a discount rate of 5 percent was used to place future earnings in the 1975 time period. Indirect benefits from a reduction in sleepwear

[3] The report (*8*) indicated that 40 percent of FR garments would require a 33-percent increase in purchases during the year, indicating that 13 percent (0.33 X 0.40) of FR garments would have to be replaced due to reduced wear-life.

[4] Low and high estimates of the number of sleepwear burn deaths are from data from the National Fire Protection Association (*3, 4*) and the National Bureau of Standards (*9*).

burn deaths ranged from $20.38 to $31.21 million based on low and high estimates of the number of sleepwear burn deaths.

Total benefits. Total benefits from a reduction in adult sleepwear burn injuries and deaths ranged from $137.36 to $148.33 million based on low and high estimates of sleepwear burn deaths. Direct benefits (medical expenditures) comprised a greater proportion of total benefits than indirect benefits (earnings lost). This reflects the high hospital costs per day and the extended length of hospitalization of a patient for treatment of a burn injury.

COMPARING COSTS AND BENEFITS

Costs and benefits of the hypothetical adult sleepwear standards were compared by dividing the estimated dollar costs of applying the standard by the low and high dollar estimates of benefits. The results were expressed in the form of ratios, a ratio of 1.00 indicating that the consumer would spend $1.00 on flame-retardant sleepwear for $1.00's worth of protection from sleepwear burn injuries and deaths.

Estimates of the costs and benefits of the hypothetical adult sleepwear standard (in 1975 prices) indicate that $1.00's worth of protection from sleepwear burn injuries and deaths would entail expenditures by the consumer of $5.37 to $5.80 (see table). The cost to consumers for the protection afforded by FR sleepwear would considerably outweigh the potential benefits and would not be cost effective.

When the same procedure was applied to the two existing children's sleepwear standards (*2*), $1.00's worth of protection required less than a $1.00 expenditure ($0.70 to $0.84) for the children's sleepwear standard sizes 0-6X, and $1.00's worth of protection required an expenditure of $1.15 to $1.36 for the children's sleepwear standard sizes 7-14. Both children's sleepwear standards are cost effective since consumers would spend approximately $1.00 for children's FR sleepwear for $1.00's worth of protection from sleepwear burn injuries and deaths.

LIMITATIONS

There are several limitations in the foregoing analysis. The cost to consumers of a sleepwear standard was underestimated since a reduction in consumer choice—possible if most cotton and cotton blends were eliminated from the market due to failure to meet the requirements of the standard—was not measured. Also not measured were indirect costs of a standard—such as a mutagenic or carcinogenic hazard to the health of individuals from FR compounds, and environmental hazards from disposal of large quantities of FR chemicals into water and soil. Benefits were also underestimated since no

Dollar costs and benefits of flammability standards for sleepwear in 1975

Standard	Total costs	Total benefits		Ratio
		Low	High	
	- - - - - *Million dollars*	- - - - -		*Range*
Adult sleepwear	[1] 796.00	137.36	148.33	5.37 to 5.80
Children's sleepwear, sizes 0-6X	49.85	59.60	71.17	0.70 to 0.84
Children's sleepwear, sizes 7-14	64.80	47.50	56.43	1.15 to 1.36

[1]Assumes criteria similar to the FF 5-74 children's sleepwear standard, sizes 7-14.

provision was made for a reduction of pain and suffering.

The need for consumer protection in the area of flammable fabrics is evident. In some instances flammability standards may be appropriate. In other instances consumer education may be more effective. Other possible consumer protection strategies include self-extinguishing matches and cigarettes and modifications in the design of ranges, space heaters, and other equipment.

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AGRICULTURE HANDBOOK NO. 8, REVISED

The first two sections of the revised edition of Agriculture Handbook No. 8, "Composition of Foods...Raw, Processed, Prepared," have been published: 8-1, Dairy and Egg Products, and 8-2, Spices and Herbs.

The handbook is being revised in separate sections by food groups. To facilitate updating, the revision is prepared in looseleaf form. Each page contains the nutrient profile for a single food item. Data are presented on a 100-gram basis, in two common measures, and in the edible portion of 1 pound as purchased. Values are provided for refuse, energy, proximate composition (water, protein, lipid, carbohydrate, and ash), seven mineral elements (calcium, iron, magnesium, phosphorus, potassium, sodium, and zinc), nine vitamins (ascorbic acid, thiamin, riboflavin, niacin, pantothenic acid, vitamin B^6, folacin, vitamin B^{12}, and vitamin A), individual fatty acids, total saturated, monounsaturated, and polyunsaturated fatty acids, cholesterol, total phytosterols, and 18 amino acids.

The handbook may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Section 8-1 is $3.00, stock number 001-000-03635-1, and section 8-2 is $1.30, stock number 001-000-03646-7.

HOME AND GARDEN BULLETIN NO. 72, REVISED

A newly revised table of the nutritive values for household measures of commonly used foods is now available: "Nutritive Value of Foods," Home and Garden Bulletin No. 72, revised 1977. First published in 1960, the bulletin was revised in 1964, 1970, and 1971. For this most recent revision, nearly 200 new food items were added and some foods no longer in general use were deleted. Values for phosphorus and potassium are included for the first time. Measures and values for all foods were reviewed and updated; new information is provided for dairy products and the fatty acid content of foods; nutrient levels of enriched rolls, enriched flours, and products prepared from enriched flour reflect current enrichment standards.

The bulletin is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402, for $1.05, stock number 001-000-03667-0.

UNEMPLOYED PERSONS WITH WORKING RELATIVES—A NEW DATA SERIES

The growth in the number of multiworker families in the United States has increased the likelihood that an unemployed person lives in a family with a working relative. In the second quarter of 1977, 5.9 million of the unemployed were family members and about 71 percent of these persons had at least one other relative in the family who was employed (see table).

The degree of this "cushioning effect" on unemployment, however, varied a great deal by family type, as well as by who in the family was unemployed. Only 18 percent of the unemployed women who were family heads had someone else who was employed in their families, compared with 48 percent of the unemployed husbands. Much of the difference in these proportions is due to the fact that a majority of families headed by unemployed women have no one else of working age in the family, whereas only a small percent of families with unemployed husbands are without someone else of working age.

Unemployed black workers are less likely than unemployed white workers to live in a family which includes an employed relative. This is especially true for women who head families—about 27 percent of unemployed white women who headed a family had at least one employed person in the family compared with 4 percent of unemployed black women. By contrast, in husband-wife families there is less difference by race in the proportions of the unemployed with employed relatives.

The employment status of one family member is not totally independent of that of other family members. For example, the proportion of employed husbands who live in a family in which someone else is employed is greater than the proportion of unemployed husbands who live in a family that includes an employed person. This is because many characteristics, such as relative education and skill levels, tend to be similar for all members of an individual family. Moreover, all members of families living in areas of high unemployment will tend to experience greater than average difficulty in obtaining a job.

These data are from a new data series being published quarterly by the Bureau of Labor Statistics. The data will appear in the January, April, July, and October issues of EMPLOYMENT AND EARNINGS, as well as in regular press releases of the Bureau of Labor Statistics, U.S. Department of Labor. The new data can be used to examine employment patterns within the family, such as the number and percent of families in which there is either no employment, some unemployment, or no one in the work force.

Sources: Hayghe, H., 1976, New data series on families shows most jobless have working relatives, *Monthly Labor Review* 99 (12): 46-48; Klein, D. P., 1977, Labor force data by person-family relationship, *Employment and Earnings* 24 (7): 7-9.

Unemployed persons by family relationship and presence of employed family members, 2d quarter, 1977

Family relationship	Total	Percent of unemployed: With no employed person in family	With at least 1 employed person in family	With at least 1 person in family employed full time
	Thousands			
TOTAL				
Unemployed, total	6,724	38.1	61.9	55.7
Unemployed, in families [1]	5,852	28.9	71.1	63.9
Husbands [2]	1,386	51.7	48.3	38.4
Wives	1,299	14.0	86.0	80.6
Relatives in husband-wife families	2,051	11.0	89.0	85.1
Women who head families ...	376	81.6	18.4	10.9
Relatives of female heads .	740	35.1	64.9	50.8
Unemployed, not in families [3]	872	--	--	--
WHITE				
Unemployed, total	5,298	36.7	63.3	57.2
Unemployed, in families [1]	4,583	26.9	73.1	66.2
Husbands [2]	1,174	52.6	47.4	37.5
Wives	1,079	12.9	87.1	82.6
Relatives in husband-wife families	1,672	10.1	89.9	86.1
Women who head families ...	228	72.8	27.2	15.4
Relatives of female heads .	430	32.3	67.7	53.0
Unemployed, not in families [3]	715	--	--	--
BLACK [4]				
Unemployed, total	1,283	43.1	56.9	49.5
Unemployed, in families [1]	1,146	36.3	63.7	55.4
Husbands [2]	173	45.7	54.3	42.8
Wives	195	16.9	83.1	73.3
Relatives in husband-wife families	338	15.4	84.6	80.2
Women who head families ...	141	95.7	4.3	4.3
Relatives of female heads .	299	39.1	60.9	47.2
Unemployed, not in families [3]	137	--	--	--

[1] In primary families only.
[2] Includes a small number of single, separated, widowed, or divorced men who head families.
[3] Includes unrelated individuals and persons in secondary families.
[4] According to the 1970 census, black workers comprised about 89 percent of the "black and other" population group.

Source: Klein, D.P., 1977, Labor force data by person-family relationship, Employment and Earnings 24 (7): 7-9.

MULTIPLE JOBHOLDERS, MAY 1976[1]

An estimated 3.9 million workers, 4.5 percent of all employed persons, held two jobs or more simultaneously in May 1976. This was the third consecutive year in which the multiple-jobholding rate was significantly below the 5-percent rate which prevailed during the 1960's and early 1970's. This decline reflects primarily a lower multiple-jobholding rate among men, who were more than twice as likely as women to hold two jobs in 1976 (5.8 and 2.6 percent, respectively). Two demographic factors contributed to the decline for men: Married men have higher multiple-jobholding rates than other men, and the proportion of employed men who were married decreased from 78 percent in 1970 to 73 percent in 1976; men with large families tend to moonlight more than others, and average family size has been declining.

The increase in the proportion of the work force who are women has been only a minor factor in the lower overall jobholding rate in the last few years. The increase in the proportion of wives who work has not been related to the decline in their husbands' multiple jobholding. Between 1971 and 1976 the multiple-jobholding rate of men whose wives were in the labor force has been higher than that of husbands whose wives were not in the work force. Also, multiple jobholding is apparently unrelated to any wide swing in the economy. For instance, as the Nation's unemployment rate rose from 4.6 percent in May 1974 to 8.3 percent in May 1975 and then receded to 6.7 in May 1976, neither the number of multiple jobholders nor the rate of multiple jobholding changed significantly.

As in previous years, multiple jobholding in May 1976 varied by marital status, race, and primary job. The multiple-jobholding rate of married men was higher than that of other men; however, married women were less likely to moonlight than single, widowed, divorced, or separated women. Among both men and women, relatively more whites than blacks held second jobs. Men employed as teachers below the college level on their primary jobs had the highest moonlighting rate for men (18 percent), and women teachers and farm laborers had the highest rates for women (5 percent).

Over half of the moonlighters held two nonagricultural wage or salary jobs, while about one-fourth combined wage or salary work and self-employment in nonagricultural industries. Over 800,000 multiple jobholders, one-fifth of the total, had at least one job in agriculture. Most of this latter group were nonagricultural wage and salary workers who operated their own farms as a secondary job.

Men worked more hours at secondary jobs than women, a median of 14 hours per week compared with 11 hours. Men in the prime working ages of 25 to 54 worked the longest hours—nearly one-fourth of them spent 22 hours or more per week moonlighting. Persons who moonlighted as farmers worked the most hours, an average of 17 per week—about 30 percent worked 22 hours or more on their farms. Nearly one-fourth of those holding a second job in transportation, communication, public utilities, and in business and repair services worked 22 hours or more.

Thirty percent of multiple jobholders held second jobs to meet regular expenses. Twenty percent enjoyed the work on their second jobs, and 5 percent moonlighted to pay debts. Economic reasons were more important for black dual jobholders than for white. Nearly half of the black multiple jobholders were working at two jobs to meet regular expenses, and 10 percent moonlighted to pay debts. Almost the same proportion of married women moonlighted because they enjoyed the work as did to meet regular expenses. However, married men were more likely to moonlight to meet regular expenses.

[1] Multiple jobholders are employed persons who, during the survey week (1) held jobs as wage or salary workers with two or more employers, (2) were self-employed and also held a wage or salary job, or (3) were unpaid family workers and also held a secondary wage or salary job. Also included are persons who had two jobs during the survey week because they were changing from one job to another (about 1 percent of all multiple jobholders).

Source: U.S. Department of Labor, Bureau of Labor Statistics, 1977, Multiple jobholders, May 1976, *Special Labor Force Report 194.*

DIVORCED WOMEN IN THE LABOR FORCE

Divorced women have the highest labor force participation rate of any marital group of American women. Of the 4 million divorced women in the United States in March 1975, 72 percent were in the labor force. This compares with 57 percent of never-married women, 55 percent of separated women, 44 percent of married women living with their husbands, and 24 percent of widowed women.[1]

The United States had the highest divorce rate in the world in 1975 (4.8 per thousand population), when more than 1 million divorces were recorded, and preliminary vital statistics for 1976 indicated that the divorce rate is continuing to rise. In March 1975, divorced women accounted for 5.0 percent of the female population, up from 3.7 percent in 1970. During this same period divorced women made up 6.2 percent of the female labor force in 1970 and 7.9 percent in 1975. Almost all of this rise was due to the increase in the number of divorced women in the population rather than to a change in their labor force rates. During the substantial influx of all women into the labor force between 1970 and 1975, the labor force participation rates of both divorced and separated women remained relatively constant.

A greater proportion of divorced women with children under 18 (75 percent) than of those without children (70 percent) were in the labor force. Those without children were older, on average, and thus less likely to work. Divorced mothers whose youngest child was of school age (6 to 17 years) had the highest labor force participation rate; 80 percent of these women were in the work force compared with 66 percent of the divorcees with preschoolers. In March 1975, 85 percent of employed divorced women worked full time, and neither the presence nor age of children had any significant effect on this rate. Divorced women had about the same unemployment rate as married women (8 percent in 1975), while separated women had an unemployment rate almost twice as high (15 percent). Separated women are younger, on average, than divorced women and are more likely to have younger children. In March 1975, more than 50 percent of all divorced and separated women of working age headed their own families, with separated women more likely to head families with children.

The median income for divorced women in 1974 ($5,600) was about $2,000 above that for separated women. This reflects the higher labor force participation rate of divorced women and the larger proportion working year-round, full time. The highest levels of income of divorced women were among those who were primary family heads or individuals living alone.

[1] Includes women 16 years and over. The labor force participation rate of never-married women rises to 67 percent for women 20 years and over and to 65 percent for women 25 years and over.

Sources: U.S. Department of Labor, Bureau of Labor Statistics: 1971, Marital and family charactertistics of workers, March 1970, *Special Labor Force Report 130*; 1975, Marital and family characteristics of the labor force, March 1975, *Special Labor Force Report 183, 1977*; 1977, The labor force patterns of divorced and separated women, *Special Labor Force Report 198*. These reports were reprinted from the *Monthly Labor Reviews*, Mar. 1971, Nov. 1975, and Jan. 1977, respectively.

CONSUMER EXPENDITURE SURVEY 1972-73

In 1972-73, expenditures for transportation accounted for more than 20 percent of spending for current consumption (up from 15 percent in 1960-61) and edged past food to become the second largest expenditure category of U.S. families. Most of the rise in the transportation category was due to expenditures for automobile purchases, finance charges, maintenance costs, and gasoline. Food which accounted for almost 25 percent of expenditures in 1960-61 accounted for just 20 percent in 1972-73. This drop was attributable to a decrease in the share of expenditures going for food at home (from 20 to 14 percent); the share for food away from home increased from 5 to 6 percent.

Housing maintained its ranking of first, increasing its share from 28 to 31 percent. (Expenditures for housing *exclude* payments on mortgage principal, which are considered a reduction in liabilities, but include the amount paid to mortgage interest.) Despite rapidly rising health care costs, the percentage of consumer expenditures attributable to health care declined. In 1972-73 more families were likely to have their health insurance premiums paid for by their employers or by the government than in 1960-61, thus reducing families' out-of-pocket expenses.

These data are from the preliminary results of the 1972-73 Consumer Expenditure Survey, published in 1977 by the Bureau of Labor Statistics (BLS). Data for the two survey years 1972 and 1973 were combined by BLS to make possible a comparison with published expenditure data from the earlier survey. The percentages are shares of total expenditures for consumption, *not* of family income. In addition to spending for current consumption, most families made outlays for personal insurance and pensions, gifts and contributions, and taxes. Data from the survey represent the pattern of spending of families in the early 1970's. Since the survey was conducted, prices for many goods have risen sharply, possibly changing the relative importance of various items in the budget.

In addition to the combined data for the 2 years, BLS has also published preliminary tabulations for each of the two survey years. These data, available in BLS's Report 455-3, are from the interview portion of the survey and do not include expenditures such as housekeeping supplies and nonprescription drugs that were collected in the diary portion of the survey. BLS has also announced the availability of public use computer tapes for the interview portion of the survey. For information on obtaining these tapes or published data, write to Division of Living Conditions Studies, Office of Price and Living Conditions, Bureau of Labor Statistics, U.S. Department of Labor, Washington, D.C. 20212.

Sources: U.S. Department of Labor, Bureau of Labor Statistics: 1976, Average annual expenditures for commodity and service groups classified by nine family characteristics, 1972 and 1973, *Consumer Expenditure Survey Series: Interview Survey, 1972 and 1973*, Report 455-3, 93 pp., plus errata sheet; 1977, Changes in consumer spending, *News*, Release 77-428.

SOME NEW USDA PUBLICATIONS

(Please give your ZIP code in your return address when you order these.)

The following are for sale by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402:

- COOKING FOR TWO. PA 1043. Revised June 1977. $1.90.
- A GUIDE FOR PRECOSTING FOOD FOR SCHOOL FOOD SERVICE. PA 1185. June 1977. $1.60.

Single copies of the following are available free from the U.S. Department of Agriculture. Please address your request to the office indicated.

From Office of Communication, Washington, D.C. 20250:

- A GUIDE TO BUDGETING FOR THE YOUNG COUPLE. G 98. Revised July 1977.
- HOW TO BUY MEAT FOR YOUR FREEZER. G 166. Revised October 1976.
- GROWING TOMATOES IN THE HOME GARDEN. G 180. Revised June 1977.
- YOUR MONEY'S WORTH IN FOODS. G 183. Revised June 1977.
- BE SAFE FROM INSECTS IN RECREATION AREAS. G 200. Revised May 1977.

From Food and Nutrition Service, Information Division, Washington, D.C. 20250:

- FOOD PROGRAMS OF THE U.S. DEPARTMENT OF AGRICULTURE. PA 1161. March 1977.

INDEX OF ARTICLES IN 1977 ISSUES

COST OF FOOD AT HOME

Cost of food at home estimated for food plans at 4 cost levels, September 1977, U.S. average [1]

	Cost for 1 week				Cost for 1 month			
	Thrifty plan [2]	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan [2]	Low-cost plan	Moderate-cost plan	Liberal plan
	Dollars				Dollars			
FAMILIES								
Family of 2: [3]								
20-54 years	23.60	31.30	39.30	47.20	102.00	135.60	170.20	204.40
55 years and over	21.20	27.90	34.60	41.40	91.70	121.20	149.80	179.40
Family of 4:								
Couple, 20-54 years and children--								
1-2 and 3-5 years	33.20	43.50	54.20	65.20	143.40	188.40	235.30	282.50
6-8 and 9-11 years	40.00	52.40	65.70	79.00	172.50	226.90	284.90	342.20
INDIVIDUALS [4]								
Child:								
7 months to 1 year	4.70	5.80	7.10	8.40	20.40	25.20	30.80	36.40
1-2 years	5.30	6.80	8.40	10.10	22.90	29.70	36.60	43.60
3-5 years	6.40	8.20	10.10	12.20	27.80	35.40	44.00	53.10
6-8 years	8.20	10.60	13.30	16.00	35.40	46.10	57.80	69.50
9-11 years	10.30	13.30	16.70	20.10	44.40	57.50	72.40	86.90
Male:								
12-14 years	10.90	14.10	17.70	21.30	47.40	61.20	76.80	92.20
15-19 years	12.00	15.60	19.60	23.60	52.20	67.70	84.90	102.40
20-54 years	11.80	15.60	19.70	23.80	50.90	67.60	85.50	103.20
55 years and over	10.50	13.80	17.20	20.70	45.40	59.90	74.40	89.70
Female:								
12-19 years	9.80	12.70	15.70	18.80	42.40	54.90	68.10	81.50
20-54 years	9.70	12.90	16.00	19.10	41.80	55.70	69.20	82.60
55 years and over	8.80	11.60	14.30	16.90	38.00	50.30	61.80	73.40
Pregnant	12.30	15.90	19.50	23.20	53.20	68.90	84.70	100.70
Nursing	13.00	16.80	21.00	24.90	56.10	72.80	90.80	107.90

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for each plan were computed from quantities of foods published in the Winter 1976 (thrifty plan) and Winter 1975 (low-cost, moderate-cost, and liberal plans) issues of *Family Economics Review*. The costs of the food plans were first estimated using prices paid in 1965-66 by households from USDA's Household Food Consumption Survey with food costs at 4 selected levels. These prices are updated by use of "Estimated Retail Food Prices by Cities" released monthly by the Bureau of Labor Statistics.

[2] Coupon allotment in the Food Stamp Program based on this food plan.

[3] 10 percent added for family size adjustment. See footnote 4.

[4] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5-or-6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

CONSUMER PRICES

Consumer price index for urban wage earners and clerical workers

(1967 = 100)

Group	Sept. 1977	Aug. 1977	July 1977	Sept. 1976
All items	184.0	183.3	182.6	172.6
Food	194.5	195.2	194.6	181.6
Food at home	192.2	193.2	192.8	179.9
Food away from home	203.7	203.0	201.7	188.7
Housing	192.7	191.4	190.5	179.5
Shelter	194.7	193.2	192.2	181.5
Rent	155.3	154.4	153.6	146.2
Homeownership	209.1	207.4	206.2	194.4
Fuel and utilities	205.5	204.5	203.5	185.1
Fuel oil and coal	285.1	284.1	283.7	250.8
Gas and electricity ...	218.0	217.4	216.0	192.2
Household furnishings and operation	178.9	178.1	177.4	170.2
Apparel and upkeep	156.2	154.8	153.4	150.2
Men's and boys'	155.8	154.3	152.6	150.1
Women's and girls'.......	148.6	147.0	145.6	145.0
Footwear	158.1	157.3	155.9	152.3
Transportation	178.5	178.9	179.3	169.5
Private	177.9	178.3	178.8	168.6
Public	184.1	183.5	183.5	176.9
Health and recreation	176.1	174.7	174.1	165.3
Medical care	206.3	204.9	203.5	187.9
Personal care	172.8	172.1	171.3	162.8
Reading and recreation ..	159.8	158.1	157.7	152.8
Other goods and services	160.6	159.1	159.1	153.9

Source: U.S. Department of Labor, Bureau of Labor Statistics.

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